



## Irish Life Weekly Investment Bulletin

The week that was – WEEK 35 2018 (ending 31/08/2018)

**“A champion is someone who gets up when he can't.” – Jack Dempsey**

**Irish retail sales up 5.5% y-o-y in July** – The Central Statistics Office reported that seasonally adjusted retail sales volumes rose by 5.5% on an annual basis in July (6.5% on a monthly basis) but 2.9% y-o-y (-0.5% on a monthly basis) excluding motor sales. The largest monthly sector increase was Electrical Goods, up 5.8%.

**Barnier and Macron promote Brexit deal** – Positive, reassuring comments from EU chief negotiator Michel Barnier and French president Emmanuel Macron increased hopes that a Brexit deal with the UK could be achieved but Barnier less so later saying that the UK should prepare for the possibility of a no-deal Brexit.

**Global stock market up 0.6% on the week** – The MSCI AC World TR Index showed a 0.63% return from 24th August to 31st August, with a thaw in trade and Brexit tensions and further confirmation of strong U.S. economic/earnings growth. The Vix (Volatility Index) closed the week at 12.86, up from 11.99 on 24th August.

**U.S. GDP in Q2 revised up to annualised rate of 4.2%** – Helped by stronger business spending and a smaller import bill, economic growth in the second quarter was revised up to an annualised rate of 4.2% by the Commerce Department compared to the 4% expected and the highest growth rate since Quarter 3 2014.

**Euro area unemployment rate in July the lowest since Nov 2018** – Eurostat reported that the euro area (EA19) seasonally-adjusted unemployment rate was 8.2% in July 2018 (EU28 rate was 6.8%), stable compared with June 2018 and down from 9.1% in July 2017. This is the lowest rate since November 2008.

**Japanese retail sales increase in July for ninth consecutive month** – Trade ministry data showed that retail sales increased in July at a 1.5% annualised rate, compared to the Reuters forecast of 1.2% and making it the ninth consecutive month of gains. However the figure was lower than the 1.7% increase in June.

**The Story of the week:** A council in New Zealand's South Island is proposing to ban all domestic cats in a radical new proposal designed to protect native species of birds and mammals. The Southland Regional Pest Management Plan calls for all domestic cats (with the exception of Bengal cats) in the Otago region to be registered, neutered and microchipped. When the cat passes away, residents will not be allowed to replace it. Nico Jarvis, a local resident compared the proposal to a "police state". All residents have until the end of October to register their submissions.

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# Index Performances and Market Data\*

<b>Equity and Bond Markets % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD (to 31/08)</b>
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	5.4
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	-2.5
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	-0.2
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	-0.9
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	9.9
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	17.5
Nikkei 225	56.7	7.1	9.1	0.4	19.1	0.4
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	-3.4
Eurozone Government Bonds 1-5 yr	2.1	3.4	1.0	0.9	-0.2	-0.9
<b>Sovereign 10yr Bond Yields (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
U.S.	3.0	2.2	2.2	2.4	2.4	2.9
German	1.9	0.5	0.6	0.2	0.4	0.3
UK	3.0	1.9	1.9	1.2	1.2	1.4
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	0.8
Italy	4.1	2.1	1.6	1.8	2.0	3.2
Greece	8.2	9.6	7.9	7.1	4.1	4.3
Portugal	6.1	2.7	2.5	3.8	1.9	1.9
Spain	4.1	1.6	1.7	1.4	1.6	1.4
<b>Central Bank Rates (%)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.75
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	2.0
<b>Foreign Exchange Rates</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.16
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.90
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.29
<b>IPD All Property Return % (in Local Currency)</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018 YTD</b>
Ireland	12.3	36.1	25.1	12.6	8.1%	5.5% (To end of Q2)
U.K.	10.9	17.9	13.3	3.6	10.3%	3.7% (To end of Q2)
U.S.	11.6	11.5	12.5	7.7	7.1%	3.7% (To end of Q2)

\*Past performance is not a reliable guide to future performance and may fall as well as rise.